



STATE OF DELAWARE

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December 16, 2014

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Toni Loper, Public Utility Analyst

SUBJECT: IN THE MATTER OF THE APPLICATION OF CHOICE ENERGY SERVICES RETAIL, LP FOR A CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (SUBMITTED APRIL 14, 2014; FILED OCTOBER 21, 2014) - PSC DOCKET No. 14-136

Background

On June 12, 2014, Choice Energy Services Retail, LP ("Choice Energy Services" or the "Company") filed an application (the "Application") with the Delaware Public Service Commission ("Commission") for an Electric Supplier Certificate ("ESC") to act as a Broker in the State of Delaware pursuant to §1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §1001 - §1020 (the "Act") and 26 *Del. Admin. C.* §3001, the Commission's Rules for Certification and Regulation of Electric Suppliers (the "Supplier Rules").¹

Application

The Company's original filing was submitted on April 14, 2014 but the submitted application did not meet the minimum filing requirements (MFRs). Staff requested the Company file additional documentation where it was requested that the company provide the following information: a) applicant shall disclose whether the entity or any of its affiliated interests has filed for bankruptcy in the past 24 months. b) a list of states in which Applicant or any of its affiliated interests has been denied approval by a State Commission to sell electricity to Retail Electric Customers or has had its authority revoked. c) a statement detailing any criminal activities of which the Applicant or its affiliated interests have been charged or convicted, or which the principal of corporate officers of the Applicant or its affiliated interests has been charged or convicted. d) a signed, sworn verification letter as required. Follow up documentation was received from the company in a letter dated May 13, 2014 but the attachment to the response was not included. Staff sent a follow up letter dated May 15, 2014 advising of the deficiency and requesting that the response contain a signed, sworn verification letter as required. The requested information and verification form was received from the company on October 21, 2014, with the receipt of this documentation completed the applications MFR's.

¹ Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

Review and Analysis

Authority to do Business in Delaware

The Company is a limited partnership formed under the laws of Texas and has provided proof issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware.

Compliance with Regional Requirements

The Company affirms in its Application that it will only present electricity supply contracts to its customers from Marketers/Electric Suppliers who are in compliance with all applicable PJM requirements.

Financial, Operational, Managerial and Technical Ability

The Company provided the financial statements for Choice Energy Solutions, LP as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. Staff believes that the confidential financial statements show substantial evidence of the Applicant's ability to provide services as a Broker in the State of Delaware.

The Company anticipates acting as a Broker serving Commercial and Industrial customers for the sale or purchase of electricity throughout the State of Delaware. The Company's application states that it is presently licensed in Illinois, Maine, Maryland, Massachusetts, New Jersey, Ohio, Texas, Pennsylvania and Rhode Island. Staff has confirmed that the Company is licensed in those states by conducting an internet search of the Secretary of State Websites for the states listed. The application states that the Company has not been denied approval nor had its authority revoked by any state commission. Staff believes that this information shows substantial evidence of the Applicant's operational ability to provide services as a Broker in the State of Delaware.

The Application included a summary of the key operating personnel of the Company. Mr. Kivanc Dikmen, Managing Partner, the application states that Mr. Dikmen has been with Choice Energy Services, LP since 2007 and his responsibilities include managing day-to-day operations, directing all aspects of strategic development and growth, and top producer in brokering gas and electricity contracts nationwide. The application further details his management experience as the Proprietor of D'Wine Restaurant, Inc. where his responsibilities included managing a staff of 25 of a top 10 Houston based restaurant from 2004-2006. Mr. Gary Able, Partner and Vice-President of Sales, has been with Choice Energy Services, LP for over 10 years where he has served as an intern assisting brokers in the power and natural gas markets. Mr. Able then served as the Director where he managed day-to-day employee tasks, assisted in new broker development, provided analysis and expertise to clients during the procurement process and was a top 5 producer. Currently Mr. Able serves as Partner and Vice-President of Sales where he manages the day-to-day operations of the consulting team, manages REP relationships, and has expertise in green energy and carbon offsets. Staff believes that the Company has demonstrated substantial evidence that its staff has the operational, managerial, and technical abilities to perform as a Broker in the State of Delaware. Staff also performed an internet review and check of the key operating personnel, one issue was revealed and is addressed in a separate confidential staff memorandum.

Surety Bond

The Company did not post a surety bond because it is a Broker only and there are no service agreements between the Company and any Delaware Electric Distribution Company. The Company will not collect any fees or deposits from any of its customers for any of its brokerage services.

Verification of Application

The Application and all subsequent filings were verified by Mr. Dikmen.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company also did not provide any sample contracts for Commercial or Industrial Customers because it is a Broker only and does not and will not have contracts with Retail Electric Customers to provide Electric Supply Service.

Statement of Criminal Activity

The Applicant stated that they have not been charged or convicted of any criminal activity nor have any of its principals or corporation offices. An internet review of the Company and its principals revealed one issue which is addressed in a separate confidential staff memorandum. The issue does not impact the Applicants ability to become a certified Broker in Delaware. An internet review of the Company, its principals, and its common ownership affiliation revealed no other outstanding issues. There were no other outstanding issues.

Legal Review

During the review and analysis process and each phase of the request for additional documentation for this application Staff communicated with the assigned Attorney to ensure that all required documentation requested and received from the Company was in compliance of Delaware law and the Supplier rules and regulations. Staff submitted this Memo for review by the Attorney on December 4, 2014.

Staff Recommendation

Based on Staff's review and analysis of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. The Company resolved all outstanding issues with Staff and the completed application supports the Company's request for certification. Staff's review and analysis of the Application submitted by the company demonstrates substantial evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends the Commission approve the Application.